
A little microbe that markets cannot help with

Thomas Lines

Brighton, UK

Email: tlines@virginmedia.com

Abstract: This essay discusses the British Government's policy for testing and tracing corona virus cases, as it evolved in England during 2020. A new centralised national system was created to be implemented by private companies under arrangements of patronage that were commercial in nature but not market-based. The merits and demerits of this approach are considered against a framework of three archetypal principles of economic organisation: democracy, authority, and exchange. The conclusions draw attention to the implications for wider economic theory regarding the efficiency of operations in this and similar spheres.

Keywords: corona virus; COVID-19; pandemic; public health; testing; tracing; outsourcing; economic organisation; markets; democracy; authority; exchange.

Reference to this paper should be made as follows: Lines, T. (2021) 'A little microbe that markets cannot help with', *Int. J. Pluralism and Economics Education*, Vol. 12, No. 1, pp.55–59.

Biographical notes: Thomas Lines is a retired journalist, lecturer and consultant in the south of England. He was a financial reporter for Reuters in London and Paris and taught international business at the University of Edinburgh and Economics at Goldsmiths University of London.

Market processes had little to offer governments in response to the corona virus (Covid-19) pandemic, which also exposed a rarely identified weakness of the market economy itself: that, like a bicycle, it requires something akin to perpetual motion simply to stay upright. If full-scale activity pauses even for a few weeks, many businesses become insolvent, creating a severe recession and making it more difficult to resume activity afterwards. The additional government expenditure that this engenders weakens public finances too.

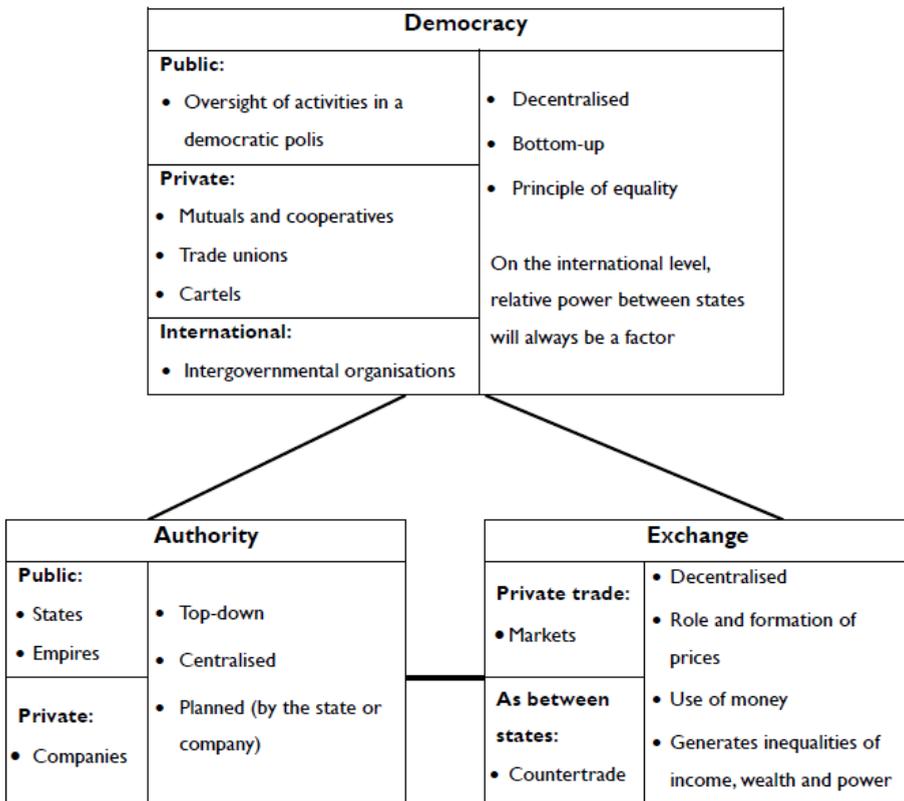
In response to the pandemic, barely a country has failed to use state authority and planning in one form or another, the most successful of them encouraging local, community-based approaches. Thus, while a central bank has long been recognised as the lender of last resort, a responsive state appears to be a kind of friend of last resort, bringing succour to its citizens at times of collective danger. This was already known from the experience of the Second World War, reflected in most of Europe afterwards in major economic and social reforms. After six years of collective efforts in the UK, for example, the country's only actively socialist government was elected in 1945 with a mandate that included the universal provision, without any direct payments, of health care, secondary education, and welfare.

In the following decades, this collective concern narrowed into a conservative doctrine that posited military defence alone as the core function of the state. But early in

the Covid-19 pandemic, the British people found, on the contrary, that its caring functions assumed a heroic aura: most prominently, the state-run National Health Service (NHS) and the low-paid ‘care workers’ who tend to older citizens. The central government also provided wage subsidies to workers laid off during the lockdown and grants to at least some of the self-employed. At the same time, informal community responses arose spontaneously to watch for and assist vulnerable people, by arranging food supplies to the elderly and the infirm, for example.

What did not arise spontaneously, or was ever formally proposed, however, were any important market-based solutions to the problems posed by the pandemic. Commercial bodies were called in for numerous tasks, but under patronage – not through the market. Rather than working with existing public authorities, and while failing to support the early protective efforts of civil society, the government in London chose to outsource many of the essential public health tasks, including, for example, the logistics of personal protective equipment supplies, and then the testing and tracing systems (Davies, 2020).

Figure 1 The triad of economic organisation



This essay relates this aspect of the British (or rather, English) response to Covid-19, with a particular look at clinical testing for the virus and the tracing of contacts of people infected by it. (Confusingly, health care and other domestic policies in England are administered by the central government in London, but in the other three parts of the UK – Scotland, Wales, and Northern Ireland – by their own ‘devolved’ governments;

England does not have a counterpart to these.) However, a full analysis should be more nuanced than just a simple, conventional opposition of state versus market. After all, most modern states are very complex politically, and commercial operations contain diverse functions too. So we propose instead a triad of organising principles, which we characterise as democracy, authority, and exchange; and all three can have both ‘public’ and ‘private’ manifestations as in Figure 1.

Now, at the time of writing, the UK has gone through one of the world’s most severe outbreaks of Covid-19. The death rate per 100,000 people is the sixth highest in the world and the second in Europe, after Spain; while the proportion of confirmed cases that have led to death, at 5.1%, is the fourth highest (Johns Hopkins Coronavirus Resource Center, 2020).

One critical reason for these poor results is that a national lockdown was imposed later than elsewhere in Europe on March 23rd, when infections had already reached a high level, and then eased prematurely, especially as concerns the North of England, prompting a severe second wave of the epidemic later in the year. In other countries, success in facing this pandemic has frequently been ascribed to strong social restrictions and the establishment of comprehensive testing and tracing procedures, all applied early on. In Europe this was achieved by Norway, Finland, and Greece, for example, and elsewhere by Africa in general, Vietnam, and South Korea (Mormina, 2020; BBC, 2020; Gan, 2020; Costello, 2020). They started serious preparations as soon as the pandemic was approaching in January 2020 and generally emphasised decentralised community health work (Breaking Belize News, 2020).

But in England in 2013, public health had been placed in a single, centrally run body, Public Health England, outside both the NHS and local government authorities – contrary to almost universal practice since the 19th Century (Ashton, 2020; Boseley, 2020; Vowles, 2020). Even in an authoritarian state like Vietnam (Gan, 2020), it seems that the long-established way of administering public health, especially the central elements of testing and tracing, requires an emphasis on decentralisation and equality.

However, the current government, recently re-elected, continued with these centralised ways during the pandemic. Early on, Sir Paul Nurse, a Nobel Prize winner and former President of the Royal Society (the UK’s Academy of Sciences), offered to coordinate university laboratories ‘to help the NHS in testing for Covid’. But he did not get a reply (his institute went ahead anyway). Offers from other experts were similarly ‘brushed off’ (Chakraborty, 2020) and, on March 12th, the government “stopped community testing altogether ... and ignored the capacity of [its] 44 NHS molecular virology labs” (Costello, 2020). However, in April 2020 a series of new testing stations and laboratories was set up under a new contract by an accountancy firm, Deloitte, and a new, nationwide system for tracing contacts by two firms, Serco and Sitel (Costello, 2020). Serco is a broad specialist in outsourced government work, running six prisons, an immigration removal centre and a train from London to Scotland, but it had no prior expertise in public health (Geoghegan et al., 2020). But its initial £45 million (US\$58.6 million) contract was renewed in October 2020 in spite of the widespread criticism it attracted. The total cost of this outsourced programme has been widely reported as £12 billion (US\$15.62 billion).

The criticism arose because the system was still not working effectively when the second wave of the pandemic appeared, leading local councils in areas with the highest infection rates to (re-)launch their own contact-tracing operations by August (Halliday and Pidd, 2020). With the second wave by now rampant, in the second week of October

only 57.6% of close contacts of people with positive tests for Covid-19 were reached in cases handled by Serco and Sitel online or in call centres, and 59.6% from a regional site, local site or mobile testing unit; with other metrics also failing, performance was on a downward curve. But in the same week, local health-protection teams reached 94.8% of their contacts (Merrick, 2020). In Wales, the regional health trusts and local authorities which are charged with the same task reached 96% of the positive cases and 94% of infected people's contacts in the period from June to October (Neville and Bounds 2020).

Referring back to Figure 1, the model created in England corresponds most closely to the 'authority' set: commissioned by the state from a large company, its organisation is both topdown and centralised (and in principle planned, although not very skilfully); however, there were no tenders for the contracts, which were assigned under government patronage alone, so that it contains no element of the market and its only item of 'exchange' lies in the use of money to pay for it. So it was done on a commercial basis but not a market basis. Either way, it stands in direct opposition to the tried and tested methods of public health, which largely correspond to the 'democracy' model (so often overlooked by economists). This is not the only policy for Covid-19 which has failed in England, and by the autumn a more fractious mood had replaced the initial consensus (Williams, 2020). By late October the Prime Minister himself was acknowledging failings in the testing and tracing service that his government had set up (Singh, 2020).

This points, like so much else, to the need to rethink much of economic theory (and political economy) from the bottom up, incorporating both in theory and in teaching the sorts of wider consideration which are discussed here, among many others. After all, economics is one of a family of social sciences, all of which are connected and none of which must dominate the others either in conception or methods of inquiry. Recasting the discipline along these lines is a large task for coming years, and its actual realisation in the lecture hall and seminar room is hard to specify at this stage.

References

- Ashton, J. (2020) 'The centralising failure of Public Health England', *Byline Times*, 29 April, London [online] <https://bylinetimes.com/2020/04/29/the-coronavirus-crisis-the-centralising-failureof-public-health-england/> (accessed 7 May 2020).
- BBC (2020) 'Coronavirus: health chief hails Africa's fight against Covid-19', 23 September, London [online] <http://www.bbc.co.uk/news/world-africa-54248507> (accessed 16 October 2020).
- Boseley, S. (2020) '“Absolutely wrong”: how UK's coronavirus test strategy unravelled', *The Guardian*, 1 April, London [online] <http://www.theguardian.com/world/2020/apr/01/absolutely-wronghow-uk-coronavirus-test-strategy-unravelled> (accessed 17 October 2020).
- Breaking Belize News (2020) *Head of Africa Center for Disease Control Praises Community Approach to Fighting COVID-19*, 24 September [online] <http://www.breakingbelizenews.com/2020/09/24/head-of-africa-center-for-disease-control-praisescommunity-approach-to-fighting-covid-19/#> (accessed 16 October 2020).
- Chakraborty, A. (2020) 'England's test and trace is a fiasco because the public sector has been utterly sidelined', *The Guardian*, 17 September, London [online] <http://www.theguardian.com/commentisfree/2020/sep/17/england-test-and-trace-public-sectorboris-johnson-covid> (accessed 23 October 2020).

- Costello, A. (2020) 'England faces a bleak winter unless it gets a grip on test and trace', *The Guardian*, 10 September, London [online] http://www.theguardian.com/commentisfree/2020/sep/10/england-test-trace-winter-failing-systemsecond-wave?CMP=fb_cif (accessed 23 October 2020).
- Davies, H. (2020) 'Drivers tell of chaos at UK's privately run PPE stockpile', *The Guardian*, 14 May, London [online] <http://www.theguardian.com/world/2020/may/14/coronavirus-uk-privately-runppe-stockpile-chaos-movianto> (accessed 16 October 2020).
- Gan, N. (2020) 'How Vietnam managed to keep its coronavirus death toll at zero', *CNN World*, 30 May [online] <https://edition.cnn.com/2020/05/29/asia/coronavirus-vietnam-intlhnk/index.html> (accessed 17 October 2020).
- Geoghegan, P. et al. (2020) 'Revealed: 'failing' Serco won another £57m COVID contract without competition', *Open Democracy*, 16 October, London [online] <http://www.opendemocracy.net/en/dark-money-investigations/revealed-failing-serco-won-another-57m-covid-contract-without-competition/> (accessed 19 October 2020).
- Halliday, J. and Pidd, H. (2020) 'English councils with highest Covid rates launch own test-and-trace systems', *The Guardian*, 4 August, London [online] <http://www.theguardian.com/society/2020/aug/04/english-councils-with-highest-covid-rates-launchown-test-and-trace-systems> (accessed 18 October 2020).
- Johns Hopkins Coronavirus Resource Center (2020) 'Mortality in the most affected countries', as of 03:00 AM EDT on 16 October [online] <https://coronavirus.jhu.edu/data/mortality> (accessed 26 October 2020).
- Merrick, J. (2020) 'Up to 90,000 new cases of Covid-19 a day in England as test and trace fails', *'i' Newspaper*, 23 October, London [online] <https://inews.co.uk/news/politics/coronaviruslatest-90000-cases-covid-19-a-day-england-explained-test-and-trace-735197> (accessed 23 October 2020).
- Mormina, M. (2020) 'What developing countries can teach us about how to respond to a pandemic', Inter Press Service, Rome, 16 October [online] http://www.ipsnews.net/2020/10/developing-countries-can-teach-us-respondpandemic/?utm_source=English+-+IPS+Weekly&utm_campaign=de93e8702a-EMAIL_CAMPAIGN_2020_10_22_08_48&utm_medium=email&utm_term=0_eab01a56aede93e8702a-5593457 (accessed 23 October 2020).
- Neville, S. and Bounds, A. (2020) 'England's faltering test and trace turns to the experts', *Financial Times*, 16 October, London [online] <http://www.ft.com/content/8fafec01-8c57-4683-ab7b-7c4d273ecf0f> (accessed 18 October 2020).
- Singh, A. (2020) 'Test and trace becoming ineffective, Sir Patrick Vallance admits', *Huffington Post*, 22 October, London [online] http://www.huffingtonpost.co.uk/entry/coronavirus-test-tracepatrickvallance_uk_5f919ef8c5b686eaaa0f1f60?guccounter=1&guce_referrer=aHR0cHM6Ly9kdWNrZHVja2dvLmNvbS8&guce_referrer_sig=AQAAAFv2Ddh7AqL5h8nOHi5SbFU_ZZKwbrbuyK9d_IoCOgd2aCZkj13GEwvfSbaR5j3HxrQuln0lljw3OdD8h9e_P9iX4T7cWPt--VX_CWsOzHSoQErBGH9_oAVs4tP6p0NGBamVekkJ8Hn3XizNkn69VcqxAxckckgLi_NU4Nu1e_o (accessed 22 October 2020).
- Vowles, N. (2020) 'New study reveals flaws in UK coronavirus testing system after comparison with other countries', *Medical Express*, 25 September [online] <https://medicalxpress.com/news/2020-09-reveals-flaws-uk-coronavirus-comparison.html> (accessed 17 October 2020).
- Williams, J. (2020) 'A wary Greater Manchester prepares for trench warfare with ministers over lockdown', *Manchester Evening News*, Manchester, UK [online] <http://www.manchestereveningnews.co.uk/news/greater-manchester-news/wary-greatermanchester-prepares-trench-19093523> (accessed 13 October 2020).